Employment Development Department
State of California

Arnold Schwarzenegger
Governor

SPECIAL PROJECT REPORT

for

Disability Insurance Automation (DIA) Project

Prepared by

**Disability Insurance Branch
And
Information Technology Branch**

June 5, 2007

DOF Project ID: **7100-192**

Special Project Report
Table of Contents/SPR Outline

1.0 SPR Executive Approval Transmittal

Information Technology Project Request

**Special Project Report
Executive Approval Transmittal**

Department Name
Employment Development Department

Project Title (maximum of 75 characters)			Project Acronym
Disability Insurance Automation (Formerly DIAP3)			**DIA**

DOF Project ID	FSR Approval Date	Department Priority	Agency Priority
7100-192			

APPROVAL SIGNATURES

I am submitting the attached Special Project Report (SPR) in support of our request for the Department of Finance's approval to continue development and/or implementation of this project.

I certify that the SPR was prepared in accordance with the State Administrative Manual Sections 4945-4945.2 and that the proposed project changes are consistent with our information management strategy as expressed in our current Agency Information Management Strategy (AIMS).

I have reviewed and agree with the information in the attached Special Project Report.

Chief Information Officer		Date Signed
Printed name:	Dale Jablonsky	
Budget Officer		**Date Signed**
Printed name:	Laura Anderson	
Department Director		**Date Signed**
Printed name:	Patrick W. Henning	
Agency Secretary		**Date Signed**
Printed name:	Victoria L. Bradshaw	

2.0 Information Technology: Project Summary Package

1	Submittal Date	

		FSR	SPR	PSP Only	Other:		
2	Type of Document		X				
	Project Number		7100-192				

			Estimated Project Dates	
			Start	End
3	Project Title	Disability Insurance Automation		
	Project Acronym	DIA	7/3/06	6/30/11

4	Submitting Department	Employment Development Department
5	Reporting Agency	Labor and Workforce Development

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6	Project Objectives

The Disability Insurance Branch (DIB) Strategic Business Plan describes its goal of offering multiple communication methods to increase customer satisfaction. The Disability Insurance Automation (DIA) will implement Health Insurance Affordability and Accountability Act (HIPAA) - compliant electronic communications through the direct e-interface and Web-based intelligent forms, creating two new intake channels to assist DIB in meeting its access objectives. New intake methods will increase self-service options that allow claimants to be more responsible for providing DIB accurate and complete claim information through edits and business rules that promote accuracy and completeness of information received. The DIA solution will also assist DIB in managing fraud and abuse through automated programs and business logic. The solution will detect unauthorized access to the Personal Health Information (PHI) under EDD's ownership immediately upon implementation of the proposed solution, and automatically notify EDD of all unauthorized access or attempted access to PHI.

The DIA includes adopting HIPAA guidelines and practices to accomplish further simplification and automation of DIB's numerous manual work processes. DIA introduces proven technologies and builds on existing information technology systems to establish a secure electronic communications and information processing environment that will:

- Improve access to services

- Improve service delivery

- Detect and prevent fraud and abuse

7	**Proposed Solution**

The foundation of the DIA solution is the implementation of a secure electronic communications and information processing environment that promotes efficiency and reduces costs by following HIPAA regulations and guidelines. HIPAA affords DIB an opportunity to realize the advantages of electronic communications with claimants, medical providers, and employers. Currently, key data entry (KDE) of paper documents is the only intake method for DI claims. DIA will allow claimants, medical providers, and employers to use the Internet to submit claims data using a direct electronic interface or through web-based intelligent forms. Scanning/optical character recognition (OCR) will be implemented to convert remaining paper claims to electronic format. KDE will only be used for exception processing for a small percentage of paper forms that are not accepted in the scanning process. The DIB believes new intake methods will reduce KDE of paper forms from 100% to a single-digit percentage by the fifth year of DIA solution operation. The following diagram illustrates DIB's evolution to an electronic data environment.
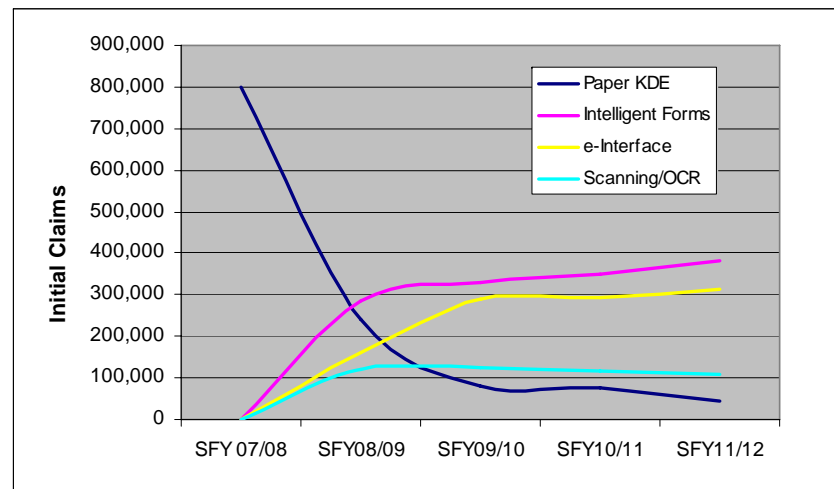
The DIB intends to undertake a business-based procurement to solicit technical solutions from vendors. Once a vendor proposal is accepted and costs are finalized, DIB will complete and submit a Special Project Report (SPR) to DOF describing the selected solution, scope of work, and costs.

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8	Major Milestones	Est Complete Date
	Begin contract for independent project oversight (IPO)	March 2007
	Begin contract for procurement assistance (PA)	April 2007
	Begin contract for independent validation and verification (IV&V)	July 2007
	Final RFP for systems integrator (SI)	January 2008
	Special Project Report (SPR)	January 2009
	Obtain DOF/OTROS SPR approval	March 2009
	DGS issue Intent to Award SI contract	June 2009
	Begin SI contract	July 2009
	DIA Design Solution Phase	November 2009
	DIA Develop and Test Solution Phase	February 2011
	DIA Deploy Solution Phase	May 2011

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Key Deliverables	Planned Delivery Date
PA vendor status reports	April 2007 – August 2008
IPO status reports	March 2007 – June 2011
IV&V for Procurement status reports	July 2007 – December 2009
IV&V for Development status reports	May 2009 – June 2011
SI status reports	July 2009 – June 2011
SI Work Plan and Schedule	July 2009
SI Project Management Plan with Project Charter	August 2009
Monthly DIA Steering Committee review	October 2006 – June 2011
Design sign-off	December 2009
.Net applications sign-off	October 2010
Security sign-off	November 2010
HIPAA sign-off	October 2010
Electronic interface sign-off	October 2010
Intelligent forms sign-off	November 2010
Integration sign-off	October 2010
Complete system test sign-off	December 2010
Scanning/OCR sign-off	January 2011

Key Deliverables	Planned Delivery Date
BPR sign-off	February 2011
Training complete	May 2011
Implementation sign-off	May 2011
Support sign-off	June 2011
9 PIER	**December 2013**

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Executive Contacts								
	First Name	**Last Name**	**Area Code**	**Phone #**	**Ext.**	**Area Code**	**Fax #**	**E-mail**
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CIO	Dale	Jablonsky	916	653-4809		916	653-9117	djablons@edd.ca.gov
Proj. Sponsor	Sandra	Poole	916	654-8914		916		spoole@edd.ca.gov

Direct Contacts								
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Primary contact	Bob	Bradshaw	916	657-3802		916		bbradsha@edd.ca.gov
Project Manager	Linda	Fredericksen	916	653-3555		916		lfrederic@edd.ca.gov

1	What is the date of your current Operational Recovery Plan (ORP)?	Date	07/15/2006	Project #	7100-192
2	What is the date of your current Agency Information Management Strategy (AIMS)?	Date	01/2003	Doc. Type	SPR
3	For the proposed project, provide the page reference in your current AIMS and/or strategic business plan.	Doc.	ITB Strategic Plan		
		Page #	10 & 11		

		Yes	No
4	**Is the project reportable to control agencies?**	X	
	If YES, CHECK all that apply:		
X	a) **The project involves a budget action.**		
	b) **A new system development or acquisition that is specifically required by legislative mandate or is subject to special legislative review as specified in budget control language or other legislation.**		
	c) **The project involves the acquisition of microcomputer commodities and the agency does not have an approved Workgroup Computing Policy.**		
X	d) **The estimated total development and acquisition cost exceeds the departmental cost threshold.**		
	e) **The project meets a condition previously imposed by Finance.**		

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Budget Augmentation Required?

No								
Yes	X	If YES, indicate fiscal year(s) and associated amount:						
		FY 06/07	FY 07/08	FY 08/09	FY 09/10	FY 10/11	FY 11/12	
		$1,169,183	$1,443,573	$1,073,545	$11,298,842	$13,050,617	$3,705,920	

PROJECT COSTS

		06/07	07/08	08/09	09/10	10/11	11/12	TOTAL
1	Fiscal Year	06/07	07/08	08/09	09/10	10/11	11/12	TOTAL
2	One-Time Cost	$1,169,183	$1,871,008	$1,502,640	$11,349,610	$13,101,385		$28,993,826
3	Continuing Costs						$3,705,920	$3,705,920
4	TOTAL PROJECT BUDGET	$1,169,183	$1,871,008	$1,502,640	$11,349,610	$13,101,385	$3,705,920	$32,699,746

SOURCES OF FUNDING

5	General Fund							$0
6	Redirection		$427,435	$429,095	$50,768	$50,768	$0	$958,066
7	Reimbursements							$0
8	Federal Funds							$0
9	Special Funds	$1,169,183	$1,443,573	$1,073,545	$11,298,842	$13,050,617	$3,705,920	$31,741,680
10	Grant Funds							$0
11	Other Funds							$0
12	PROJECT BUDGET	$1,169,183	$1,871,008	$1,502,640	$11,349,610	$13,101,385	$3,705,920	$32,699,746

PROJECT FINANCIAL BENEFITS

13	Cost Savings/Avoidances					$2,540,599	$8,334,200	$10,874,799
14	Revenue Increase							$0

Note: The totals in Item 4 and Item 12 must have the same cost estimate.
The approved BCP amount for 06/07 was $1.8 million. The amount listed above is the projected expenditures.

The approved BCP amount for 07/08 is $1.6 million. The difference between the BCP amount and the projected expenditures is due to the PA Vendor and the projected IV&V vendor contracts being lower than EDD's original projection in SFY 07/08.

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Vendor Cost for FSR Development (if applicable) $ 292,495.00*

    Vendor Name: Eskel Porter Consulting

* Includes HIPAA Gap Analysis

	VENDOR PROJECT BUDGET							
1	Fiscal Year	06/07	07/08	08/09	09/10	10/11	11/12	TOTAL
2	Primary Vendor Budget				$4,282,500	$6,725,000		$11,007,500
3	Independent Oversight Budget	$66,000	$118,000	$105,000	$105,000	$105,000		$499,000
4	IV&V Budget		$200,000	$100,000	$1,100,000	$1,100,000		$2,500,000
5	Other Budget	$97,020	$299,481	$24,927				$421,428
6	TOTAL VENDOR BUDGET	$163,020	$617,481	$229,927	$5,487,500	$7,930,000	$0	$14,427,928

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RISK ASSESSMENT

	Yes	No
Has a Risk Management Plan been developed for this project?	X	

General Comment(s)
The Risk Management Plan is included in Section 5.0 of the SPR.

3.0 Proposed Project Change

3.1 Project Background/Summary

The stated mission of the Disability Insurance (DI) program is to "minimize the financial hardships for eligible disabled workers by providing timely and affordable benefits and services while supporting California's economic stability." Its corresponding strategic vision is that "California's State Disability Insurance Branch will be a leader and model for excellence, innovation, integrity, and commitment to customer service."[1]

To meet its mission and strategic vision, the DI program provides temporary, partial wage replacement to eligible disabled workers of California who suffer a loss of wages when they are unable to work due to illness or injury. The program was originally established in 1946 to provide economic protection to workers not covered by Unemployment Insurance and Workers' Compensation. Only four other states and one Commonwealth (Rhode Island, New Jersey, New York and Hawaii, and the Commonwealth of Puerto Rico) currently offer a state administered disability insurance program. On May 8, 2007, the Governor of Washington State signed legislation which established a Family Leave Insurance program. The law requires that benefits will be paid beginning October 1, 2009, to individuals unable to perform his or her regular or customary work because he or she is on family leave. Only Rhode Island and New Jersey are similar to California.

State Disability Insurance benefits are paid to qualified individuals who are unable to perform their regular or customary work due to mental or physical illness or injury, as well as pregnancy and childbirth. Additionally, DIB administers the Paid Family Leave (PFL) and the Non-Industrial Disability Insurance (NDI) programs. The EDD is required to promptly pay or deny benefits. The DI benefits are payable for a maximum of 52 weeks per year. Paid Family Leave benefits are payable for a maximum of six weeks. In SFY 06/07, DI staff will process more than 736,385 initial claims and pay DI benefits to disabled workers totaling $4.4 billion. The DI program administration budget for the same year will total $221 million.

The DI program is completely funded through employee payroll deductions. For 2007, employees in the State of California pay 0.6% of their taxable wages (subject to a dollar limit ceiling of $83,389) to the State Disability Fund. The DI program covers the majority of California employees, approximately 13 million workers, although some employees are exempt from DI. For example, railroad employees, employees of non-profit agencies, employees who claim religious exemptions, and some government employees are exempt from DI (As a result of union bargaining, many California State government employees began paying into SDI and PFL in 2005 and effective April 1, 2006, were eligible to apply to receive benefits under these programs).

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[1] Source: Disability Insurance Branch Strategic Plan 2002-2005.

The DIA Project will build on existing information technology systems and introduce proven technologies to establish a secure electronic communications and information-processing environment that will improve access to services, improve service delivery, and assist in the detection and prevention of fraud and abuse. The simplification and automation of DI's manual work processes will benefit claimants, employers, and medical provider customers as well as Disability Insurance Branch staff members.

3.2 Project Status

This project was on schedule until the Procurement Assistance (PA) procurement Request for Offer (RFO) responses received consistently proposed longer procurement durations then initially anticipated. This required extending the SI Procurement effort from the nine months proposed in the amended Feasibility Study Report (FSR) schedule and letter provided to the DOF on August 8, 2006, to 16 months. This time extension exceeded the 10% reporting threshold established by DOF and triggered this SPR.

The Independent Project Oversight Consultants (IPOC) came on board effective March 7th, 2007. The PA vendor contract was executed and the vendor began work on April 17th, 2007, approximately one month behind the amended August 8th, 2006 schedule baseline. EDD did not experience significant delays on the PA procurement.

The Independent Verification and Validation (IV&V) procurement effort has been restructured and will be carried out in two phases. The original IV&V RFO was amended to reflect this restructuring. The first IV&V procurement effort is in process and the awarded vendor will provide services throughout the procurement of the SI vendor. The amended RFO was sent out in April 2007 with the contract award scheduled for July 2007. The second IV&V procurement will use a RFP to acquire a vendor. It is anticipated that the RFP for the second IV&V procurement will be completed in April 2008 with the vendor final offers due in November 2008. The IV&V vendor for this contract will provide services throughout the SI vendor's contract term. The anticipated start date is May 2009.

The project is fully staffed for the current phase with 12 members on the existing project team. Five (5) DI positions for all of SFY 07/08 and 08/09 will be funded with DI redirected funds. The project is now in the procurement phase. The project management plans are 90% complete and the project will soon be moving out of pre-execution status.

3.3 Reason for Proposed Change

The proposed change for the DIA project SI vendor procurement and Special Project Report (SPR) submission phase is a result of schedule increases due to the PA vendor contract finalization and the PA work plan proposal which exceeds EDD's initially estimated task completion times as approved by DOF in the August 2006 revised Economic Analysis Worksheets (EAWs).

The winning PA proposal submitted a work plan that misses the anticipated budget cycle milestone for submitting the business based SI SPR in January 2008 to support a Finance Letter for SFY 2008-09.

The PA proposal work plan proposed 16 months to complete the work. In this work plan, the SI SPR will be submitted in January 2009, to meet the Finance Letter deadline for SFY 2009-10. Since DOF requires an approved SPR prior to funding the SI vendor, this will delay the SI vendor component from July 2008 until July 2009, effectively delaying the project finish date by one-year.

The PA critical activities are Business Process Reengineering (BPR) work to define requirements, creation of the SI RFP, provide support and guidance during the procurement, and provide support on the business based SPR.

3.4 Proposed Project Change

The proposed project change will amend the procurement schedule to reflect the one month delay in the PA vendor start date and the reassessment of the estimated procurement interval from 9 to 16 months, based on the time frame proposed in four out of four of the submitted PA vendor proposals. The estimated (planned) SPR submission date will be moved to January 2009 and the planned SI vendor start date will be moved from July 2008 to July 2009. This additional year will be added to the schedule and populated to reflect the appropriate project activities. The unplanned SPR triggered by the increased schedule duration will be completed by June 2007 to ensure approval of the change in schedule for the next Fiscal cycle. The project will be allowed to continue during the unplanned SPR submission and approval process. As a result of the change in the procurement schedule the IPOC and IV&V procurements on the project will be impacted as noted in section 3.5 of this SPR. The changes to the IPOC and IV&V procurements will also be detailed in the schedule.

3.5 Impact of Proposed Change on the Project

The Department submitted a letter to the Department of General Services (DGS) stating that the DIA Independent Verification and Validation (IV&V) contract would not be extended beyond the original dates. Since the project will be delayed a year, the Department will enter into a second, new IV&V contract procured through the RFP process for the additional time. The original IV&V RFO was amended to exclude the activities for the secondary IV&V procurement and resent to the vendor community. The restructuring of the IV&V procurement will split the activities into two IV&V phases to fit the new schedule but will not result in additional IV&V contract costs.

The IPOC vendor activities will need to be extended by one-year due to the delay in schedule which will result in an additional cost to the IPOC contract via an extension costing approximately $84,000 which will not be realized until SFY 2010-11.

The total one-time cost increase for the project is $2.8 million. The additional year adds $1.3 million to the one-time costs, while the remainder of the cost increase is primarily due to the staffing pay raises and the redirection of DI staff to the project.

There will be a one year delay in the realization of cost savings from project implementation and there will be an increase in staff for DI claim processing to deal with increased claim volumes during the one-year delay based on current program estimates. The delay in the project schedule will, however allow for improved requirements gathering and increased project quality activities to be built into the schedule.

3.6 Feasible Alternative Considered

The DIA project considered another alternative scenario for addressing the DIA project SI RFP and SPR development and submission schedule change:

Compress the PA Vendor work plan timeline to meet the August 2006 EAW projections to meet a SI vendor start date of Aug 2008.

Based on the August 2006 EAWs, this was not viable since it is not realistic for the PA vendor to compress their timeline from 16 months to 9 months and finalize the SPR by January 2008. The PA vendor's critical activities are BPR work to define requirements, creation of the System Integrator RFP, conduct the procurement, and support on the business based SPR. The project received four proposals and the 16-month timeline to complete was consistent across all proposals.

3.7 Implementation Plan

The implementation approach will follow the project review of milestones chart on Page 32 (Table 4-6 High-Level Project Schedule). The project's implementation approach will meet the project's objective's and estimated timelines. The chart includes the procurement activities as outlined in the Information Technology Procurement Plan (ITPP).

4.0 Updated Project Management Plan

4.1 Project Manager Qualifications

The Project Managers for this project have been assigned. The DIA Project will have joint-project managers representing DIB and ITB. The Joint Project Managers possess the ability to apply the knowledge, skills, tools, and techniques necessary to successfully complete this project. They possess the following knowledge, education, and experience:

- Minimum of 10 years of experience managing large and complex technology projects in the government sector

- Experience managing Web application development projects

- Undergraduate degree or equivalent experience

- Knowledge of EDD's project management methodology

- Certified PMP

4.2 Project Management Methodology

This project will use EDD's documented and structured IT Project Management Methodology (IT PMM). The framework is based on the Project Management Institute's (PMI) Project Management Body of Knowledge (PMBOK®) and is compatible with the Statewide Information Management Manual (SIMM), Section 200. The IT PMM provides standard methods and guidelines to ensure that projects are conducted in a disciplined, well-managed, and consistent manner. It promotes the delivery of quality products that meet the customer's needs and results in project completion on time and within budget.

4.3 Project Organization

The proposed solution requires the addition of new EDD IT staff, plus assistance from consultants to either augment State staff or provide skills State staff do not currently possess. Costs for the proposed resource requirements are detailed in Section 6.0 Economic Analysis Worksheets (EAWS).

Figure 4-1. Organization Chart
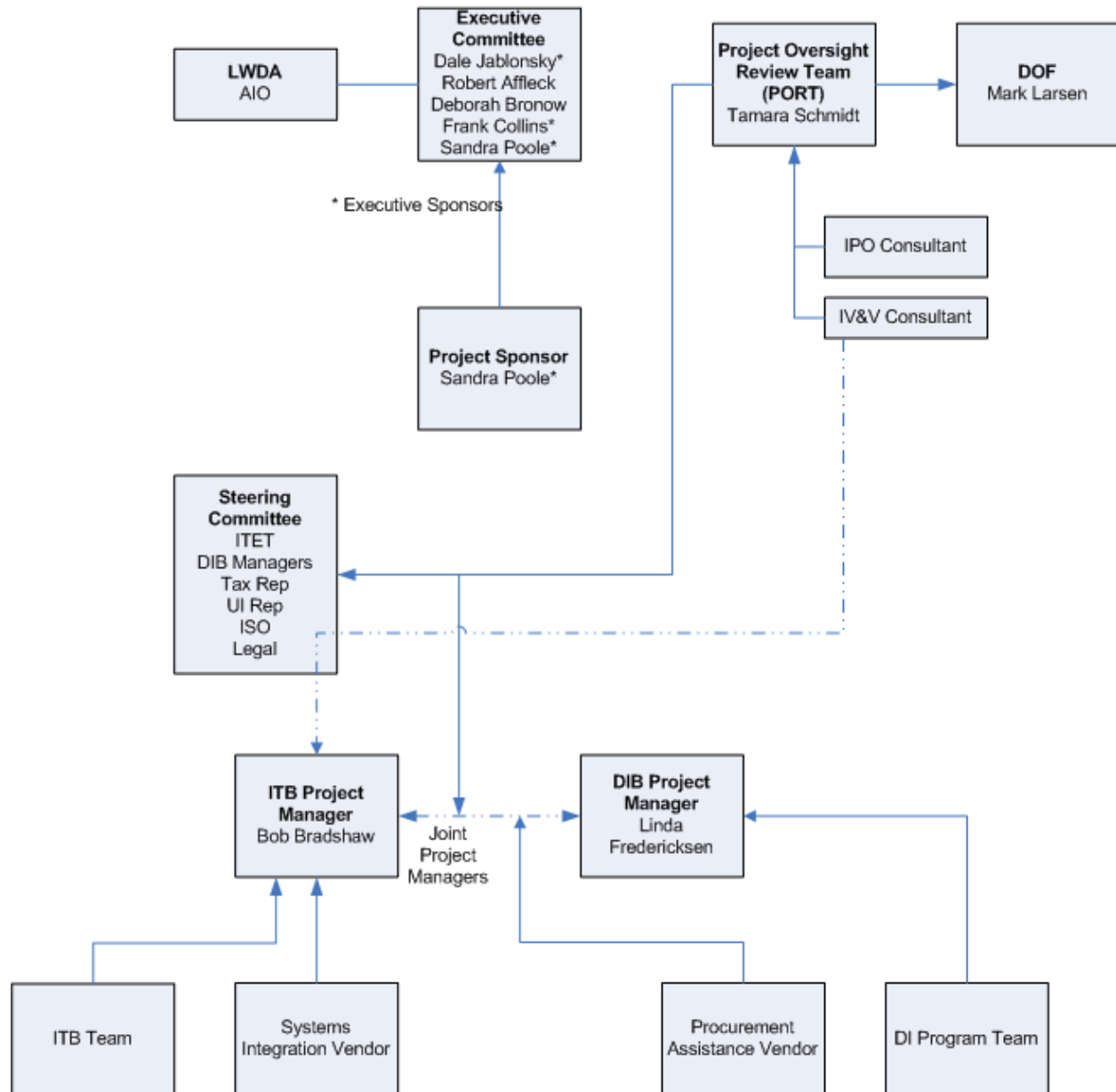
4.4 Project Priorities

Table 4-2. Trade-Off Matrix

	Resources	Schedule	Scope
NOT FLEXIBLE (Cannot change)			X
MOST FLEXIBLE (Could be changed)		X	
FLEXIBLE (Can Be Changed)	X		

- The project **resources** are **flexible.** This means that DI can add additional resources (via contract vehicles) or maximize the use of existing resources by using standardized processes.

- The project **schedule** is classified as **most flexible.** This means that a change in schedule could be acceptable if necessary to preserve scope.

- The project **scope** is **not flexible.** This means that scope cannot change if the current project objectives are to be met. These objectives will be met via implementation of a series of technological initiatives that allows the DIB to further secure, automate, and simplify its numerous manual processes. It implements a solution that complies with the directions and schedules set forth in federal and state HIPAA directives. Those directions emphasize improving the services to DI customers, streamlining DI casework, and being a good business partner to those HIPAA covered entities it works with, by protecting their information in compliance with HIPAA directives.

4.5 Project Plan

4.5.1 Project Scope

The DI Automation Project will implement a secure electronic communications and information processing environment by using technologies that will allow DIB to transact business in a HIPAA-compliant manner. The project includes adopting HIPAA guidelines and practices to accomplish further simplification and automation of DIB's numerous manual work processes. The project does not intend to replace the existing Single Client Database (SCDB) data repository or systems. The project does not intend to make it mandatory for all claims to be submitted electronically.

4.5.2 Project Assumptions

The Table 4-3 sets forth the assumptions on which the project is based, the external events upon which the project is dependent, and the constraints under which the project is to be conducted.

Table 4-3. Assumptions, Dependencies, and Constraints

Assumptions
• As a Covered Entity, DIB will support HIPAA-covered medical providers in meeting their federal HIPAA mandates.
• The proposed solution will meet applicable HIPAA privacy, security, transaction and code set, and administrative simplification requirements for a Covered Entity.
• DIB will utilize existing EDD infrastructure where appropriate.
• The project will adhere to a schedule.
• Reviewers will provide timely feedback on all deliverables.
• Proactive risk, issue, and change management strategies will be employed.
• DIB's existing manual processes cannot impede the data flows from and to electronic partners.
• Project is driven by business needs and a practical recognition of current and future enabling technologies
• DIA Project will have sufficient staff resources to complete planned deliverables
• EDD will use the IT Master Services Agreement (IT-MSA) to procure the services of consultants to work on the project. The project will also use the RFP process for the SI and IV&V Phase 2.
• There will be an available pool of vendor candidates to support the competitive SI bid process for the DIA project.
• Servers will be housed at an EDD location, with the exception of the intelligent forms servers, which will be at a State data center.
• Because this is a business-based procurement, EDD will submit a Special Project Report once the DIA solution is known, targeted for January, 2009.

Dependencies
• EDD resources are available and will be allocated to this effort.
• Supporting contracts and procurements will complete on schedule.
• A Budget Change Proposal will be required to gain spending approval each year.

Constraints
• The project outcome must comply with EDD's enterprise architecture, standards, and policy.
• Funding is subject to legislative approval.

- Public Contract Code excludes contractors from bidding on the prime contract if they were involved in previous solution recommendations, development of the RFP and/or development of the FSR.

- IT procurements for contracts in excess of $500,000 are subject to review and approval of the Department of General Services (DGS). Procurements may be delayed if DGS does not have an available procurement analyst assigned to DIA.

- Department of Finance must approve the Special Project Report that includes the Prime Solution Vendor's proposed solution, revenue projections and costs prior to proceeding with subsequent phases.

- Movement from a "manual" process to a web based intake will require DIB business processes to be reengineered along with retraining DIB staff.
- EDD has several large projects running concurrently with DIA.
- Existing EDD technology solutions, such as scanning hardware, being leveraged for Paid Family Leave (PFL) do not scale well enough to meet DIA requirements within time constraints.
- Need to ensure no disruption of existing DIB services and processing.

4.5.3 Project Phasing

The following table depicts the phases anticipated for this project.

Table 4-4. DIA Phases

Project Phase	Phase Deliverables
Phase 1 Procurements	Award procurement assistance (PA) vendor contract
	Weekly PA vendor status reports
	Award IPO consultant contract
	Monthly IPO consultant status reports
	Award IV& V vendor contract for the Procurement
	Award IV& V vendor contract for the Development
	Monthly IV&V status reports
	SPR for DIA
	Award SI contract
Phase 2 Project Start-up and Management	Project Work Plan and Schedule
	Project Management Plan with Project Charter
	Monthly IV&V vendor status reports
	Weekly SI vendor status reports
	Monthly IPO consultant status reports
Phase 3 Design Solution	Analysis sign-off
	IV&V review/sign-off on design documents
Phase 4 Develop and Test Solution	.Net applications sign-off
	Security sign-off
	HIPAA sign-off
	Electronic interface sign-off
	Intelligent forms sign-off
	Integration sign-off
	Complete system test sign-off
	Scanning/OCR sign-off
	BPR sign-off
	IV&V review/sign-off of development documents
	IV&V review/sign-off of testing documents
Phase 5 Deploy Solution	Training complete
	Implementation sign-off
	Support sign-off
	IV&V sign-off of implementation documents
Phase 6 PIER	Approve PIER

4.5.4 Project Roles and Responsibilities

The Table 4-5 lists the project team roles and responsibilities of DIA.

Table 4-5. Project Roles and Responsibilities

Role	Responsibility
Executive Committee **Sandra Poole** Dale Jablonsky Deborah Bronow Robert Affleck Frank Collins	Provide EDD leadership and support for project. Provide executive oversight for project. Allocate resources. Interpret federal and state level statutes and executive orders and determine impact on project. Direct policy and procedure changes when needed. Provide final decision making on decisions that could not or should not be made at lower levels. Resolve critical issues which could not or should not be resolved at lower levels. Ensure consistency with EDD Strategic Plan and IT strategies and policies. Ensure consistency with other IT projects and non-IT activities in EDD. Approves all adjustments to project schedule.
Steering Committee Melinda Acosta Anjetta Venters-Bowles Rich Keene Mark Durham Mauricio Leiva Janet Botill Mark Muzyka Karen Ruiz Larry Goldberg Tad Allred Richard Stewart Dale Morgan Talbott Smith Jack Budmark Regina Luster	Understand the strategic implications and outcomes of initiatives being pursued through project outputs, Appreciate the significance of the project for some or all major stakeholders and represent their interests, Be an advocate for the project's outcome by being committed to and actively involved in pursing the project's outcomes, Have a broad understanding of project management issues and the approach being adopted, and Balance any conflicting priorities and resolve resource contentions.
Project Sponsor **Sandra Poole**	Serve as an interface to higher-level executive management. Provide necessary funding and resources as appropriate. Champion the project to provide exposure and buy-in from state government and officials. Assign the Project Manager for the project. Work with the assigned project manager to develop the Project Charter. Authorize the project to begin. Review and approve Project Plan. Review and approve all project baselines (scope, schedule and cost).

Role	Responsibility
	Ensure resources are provided to perform the work.
	Provide second-level review for issue escalation and change requests.
	Approve changes to the Project Plan.
	Review/approve changes in contract commitments.
	Negotiate with resource managers for resources (staff and/or funding).
	Communicate information on any changes to project resources.
	Monitor customer satisfaction with project performance.
	Secure project funding.
	Provide staff resources.
	Approve project baselines and changes to baselines.
	Assemble and maintain a steering committee with adequate representation of stakeholders from within ITB, other Branches, and entities outside of EDD.
	Attend and participate, as needed, at Project Status Reviews and steering meetings.
	Help resolve escalated issues and change requests.
	Provide representatives to participate in lessons learned sessions.
	Sign off on Formal Acceptance Form for deliverables and the project itself.
	Accept/reject the deliverable(s) using the Formal Acceptance Form.
Project Oversight and Review Team (PORT) Tamara Schmidt	Reviews all aspects of development effort to ensure it complies with EDD's project management policies and procedures.
	Obtain IPO and IV&V contracts.
	Manage the IPO and IV&V contracts/contractors.
DOF – OTROS Mark Larsen	Review IT proposals and ensures IT expenditures represent a prudent investment of resources while meeting the state's business needs.
	Recommend funding and/or expenditure authority for IT projects, commensurate with the substantiated needs, and any necessary fiscal controls to the Finance Program Budget Manager responsible for a department's budget.
	Assist Finance to ensure approved IT expenditures are in alignment with statewide IT policies and strategies.
	Review project status.
	Advise on resolution of serious project issues.
	Implement an effective system of independent graduated oversight for all IT projects.
	Establish statewide standards for project management and oversight.
	Assess current department/Agency IT project management and oversight practices.
Labor Workforce Development Agency (LWDA)	High level review of project to ensure Agency goals are met.
Joint Project Managers **Bob Bradshaw/** **Linda Fredericksen**	Work with the Project Sponsor to develop the Project Charter.
	Ensure that the Project Charter has been approved, and management, customers and contractors have agreed upon the project scope, schedule, quality and resources.
	Meet and communicate with key stakeholders on a regular basis.
	Develop a detailed Project Plan with the assistance of the project team to reflect project needs.

Role	Responsibility
	Incorporate within the Project Plan appropriate reviews and go/no go checkpoints.
	Ensure that the Project Plan is approved.
	Ensure that all project baselines are approved.
	Ensure that stakeholders agree to project commitments.
	Establish and maintain a Project File containing all project management artifacts.
	Provide an electronic location for the Project File, and provide access to all the appropriate parties, including the ITB Project Management Office.
	Arbitrate and resolve conflicts.
	Shield the project team from undue pressure from customers and/or management.
	Plan upfront to manage documents with an eye towards facilitating Audit & Evaluation Division's (A&ED) development of the Post-Implementation Evaluation Report (PIER). A&ED expects to refer to documentation that is responsive to the objectives in the FSR and other issues relevant to a PIER (e.g., lessons learned, cost information).
	Manage day-to-day tasks and provide direction to team members performing work on the project.
	Apply any pertinent lessons learned from previous projects.
	Ensure that the Project Plan is updated and signed off as needed.
	Provide input into new product requirements for the services and/or products that were not planned for in the Planning process group.
	Ensure that the vendors meet the contractual agreements specified within their contracts.
	Track, review and analyze the performance of contractors on a project.
	Administer and oversee the contract as the basis for any changes that need to be made during the life of the contract.
	Manage solicitation and source selection processes and administer contracts as specified by internal EDD contracting policies and procedures.
	Interpret and execute the terms and provisions of the prime contract.
	Integrate all contract activities that involve production management quality control and other contract management functions.
	Act as the focal point with the other contracting party.
	Exercise the functions of subcontract management.
	Price and negotiate subcontracts and contract changes.
	Act as the focal point for conflicts arising under the contract.
	Develop and maintain contract file documentation.
	Ensure adequate project logistics support for vendors.
	Certify invoices for payment.
	Document project work.
	Define, escalate and resolve issues.
	Build team capacity.
	Empower teams.
	Train teams on soft skills.
	Ensure training on technical aspects of project, as needed.
	Build in rewards for the project team.
	Provide needed information to project stakeholders as specified in the

Role	Responsibility
	Communication Management Plan.
	Evaluate overall project performance on a regular basis.
	Make changes to budgets and schedules as approved.
	Produce performance reports, including status reports, performance measurement and forecasting reports.
	Respond to and/or elevate issues and change requests.
	Develop Special Project Reports (SPRs) as required.
	Participate in the change control board to approve product/project changes.
	Review project risks and establish and implement mitigation and contingency procedures.
	Coordinate formal reviews and audits and participate in informal reviews, as defined in the Quality Management Plan.
	Review and act upon the results of quality reviews.
	Verify that control agency, Department and Branch policies are followed.
	Obtain formal acceptance from the sponsor.
	Develop an action plan for any product that does not pass acceptance test.
	Close out open action items.
	Close out any financial accounts or charge codes.
	Assist purchasing contract administrator(s) in contract closure.
	Obtain customer and management approval of completed product.
	Conduct Lessons Learned sessions and prepare the Lessons Learned Report.
	Sign invoices that the Fiscal Programs Division will process for payment.
	Assist as needed with any post-project delivery audits.
	Archive all project data to the project file in a manner that facilitates the development of an eventual Post-Implementation Evaluation Report (PIER).
	Celebrate success with stakeholders and the project team.
IT Team Lead **Program Team Lead**	Assemble information to help the Project Manager prepare the Project Charter.
	May also complete any ancillary Project Initiation materials.
	Coordinate work of the ITB and DIB Project Teams.
	Ensure team responsibilities are met.

Role	Responsibility
ITB Project Team **DIB Project Team**	Develop technical approach.
	Assist in development of estimates and schedules.
	Assist in development of quality assurance processes and the Change Management Plan.
	Identify staff training needs.
	Plan assigned portions of the project in detail.
	Integrate individual plans into the overall project plan.
	Execute assigned project tasks.
	Create product and process solutions.
	Perform quality improvement activities.
	Perform quality assurance activities.
	Learn soft skills and technical project aspects, as needed.
	Escalate issues to Project Manager, as needed.
	Request changes to project scope, schedule and/or resources, as needed.
	Provide stakeholders with information specified in the Communication Management Plan.
	Identify problems, plan responses, and implement plans.
	Identify and respond to risks as specified in the risk management plan.
	Participate in change reviews.
	Track the project execution effort and submit status reports.
	Conduct internal and external reviews and walk-throughs.
	Create testing plan and coordinate test activities.
	Coordinate with Quality Assurance, review QA results, and correct any deviations.
	Participate in lessons learned sessions.
	Identify ways to improve project processes.
	Turn over all project-related documentation to the project manager for archiving.
	Archive project metric data.
	Assess project quality process.
Issue and Change Manager	Communicate issue or change ownership to the appropriate EDD issue owner.
	Present issue and change status to the project team and Executive Steering Committee.
	Record all issues and changes in the issue and change log.
	Ensure that all issues and changes have completed issue and change forms and are filed in the appropriate issue and change file.
	Ensure coordination of adding issues and change implementation into the project plan.

Role	Responsibility
Project Management Assistant	Prepare financial analyses and budget changes.
	Provide general project support – facilities requests, supplies, meeting coordination, etc.
	Receive, log, distribute, and track deliverables through the approval process.
	Gather and maintain project documentation (project library).
	Support project team meetings - scribe, preparation, and logistics.
	Ensure time reporting and contractor billing is accurate.
	Maintain distribution lists and system inventories.
	Make travel arrangements as needed.
	Performs services under the direction of the Project Manager.
	Provides project scheduling, tracking, resource allocation, and reporting support.
	Performs services under the direction of the Project Manager.
	Provides project scheduling, tracking, resource allocation, and reporting support.
Information Security Officer Dale Morgan	Attend Executive Steering Committee meetings.
	Participate in and oversee all activities regarding information security and confidentiality.
	Provide final approval of all DI/HIPAA security requirements.
	Provide input to project team pertaining to EDD security and confidentiality requirements.
	Participate in and provide guidance to activities regarding information privacy and confidentiality.
	Provide input to requirements related to data privacy and confidentiality.
Enterprise Configuration Manager	Identify configured items (CIs), tracking and reporting on CIs.
	Develop a Project level Configuration Management Plan.
	Manages physical features, functionality, and documentation of hardware and software developed in the DIA.
	Plan and implement configuration change management evaluation processes. Monitor configuration changes. Conduct configuration change control meetings. Prepare status reports. Manage backup and archive configuration records.
	Monitor hardware, software, and desktop configuration inventory.
Procurement Assistance Vendor	Responsible for requirements definition.
	Develop RFP for the systems integration vendor.
	Provide information to DIB and ITB to complete Special Project Report (SPR).
Independent Project Oversight (IPO) Consultant	Performs services under the direction of the PORT.
	Provides independent oversight monitoring and reporting services.

Role	Responsibility
Independent Verification and Validation (IV&V) Vendor (s) - **Procurement** - **Development**	Performs services under the direction of PORT. Review all aspects of the procurement of the SI vendor. Reviews all aspects of the Systems Integration vendor's work. Reviews design, development, and implementation efforts to validate compliance with standards. Acts as independent reviewer of project.
Systems Integration (SI) Vendor	Reports to the Project Manager. Responsible for development of the new components of DIB solution in the .NET environment as well as overall success of the implementation, including integration with imaging technologies, the IVR, and SCDB. Ensure successful end-to end processing of DIB claims and all associated functions. Deliver an integrated, functional solution to support DIB program within the required time frame.

4.5.5 Project Schedule

The project review of milestones and decisions will occur at key points throughout the project. The project schedule and approach for phases 2, 3, 4, and 5 will be finalized by EDD and the SI vendor based on the selected solution.

Table 4-6. High-Level Project Schedule

Task Name	Duration	Start	Finish
DIA Phase 1: Procurement and Contracting	*1266 days*	*Mon 7/3/06*	*Tue 6/30/11*
Procurement Assistance Vendor	375 days	*4/17/07*	*8/30/08*
Award PA contract	0 days	*4/17/07*	*4/17/07*
PA vendor contract	375 days	*4/17/07*	*8/30/08*
Knowledge transfer with IV&V vendor	30 days	*7/1/08*	*7/31/08*
PA Weekly Status	375 days	*4/17/07*	*8/30/08*
Independent Project Oversight Consultant	1080 days	*3/7/07*	*6/29/09*
Award IPO contract	0 days	*3/7/07*	*3/7/07*
IPO consultant contract	1080 days	*3/7/07*	*6/30/11*
IPO Weekly Status	1080 days	*3/7/07*	*6/30/11*
IV&V Vendor - Procurement	621 days	*7/13/07*	*12/30/09*
Award IV&V contract	0 days	*7/13/07*	*7/13/07*
IV&V vendor contract	621 days	*7/13/07*	*12/30/09*
Knowledge transfer with PA vendor	30 days	*7/1/08*	*7/31/08*
IV&V Weekly Status	621 days	*7/13/07*	*12/30/09*
Knowledge transfer with IV&V - vendor for Development	20 days	*5/27/09*	*6/23/09*
IV&V Vendor - Development	524 days	*5/27/09*	*6/30/11*
Award IV&V contract	0 days	*2/27/09*	*2/27/09*
IV&V vendor contract	524 days	*5/27/09*	*6/30/11*
Knowledge transfer with IV&V - vendor for Procurement	20 days	*5/27/09*	*6/23/09*
IV&V Weekly Status	621 days	*5/27/09*	*6/30/11*
SI Vendor Procurement	782 days	*7/1/09*	*6/30/11*
Prepare RFP	80 days	*7/30/07*	*10/23/07*
Assist with acquisition	180 days	*10/1/07*	*5/6/08*
Prepare SPR	30 days	*7/23/08*	*12/16/08*
Obtain DOF approval	0 days	*1/8/09*	*3/10/09*
Award SI vendor contract	0 days	*6/3/09*	*6/3/09*
SI Vendor Contract	469 days	*7/1/09*	*6/30/11*
DIA Phase 2: Project Start-up and Management	*781 days*	*Mon 7/2/07*	*Fri 6/30/11*

Task Name	Duration	Start	Finish
Planning and Control	520 days	Mon 7/3/06	Fri 6/13/11
Finalize project work plan and schedule	8 days	Mon 7/3/06	Wed 7/11/06
Project work plan and schedule	0 days	Wed 7/11/06	Wed 7/11/06
Finalize project management plan with charter	12 days	Mon 7/3/06	Tue 7/17/06
PMP and Project Charter	0 days	Tue 7/17/06	Tue 7/17/06
Weekly SI status	516 days	Fri 7/1/09	Fri 6/30/11
Monthly steering committee review	479 days	Wed 10/2/06	Mon 6/30/11
DIA Phase 3: Design Solution	*98 days*	Wed 8/21/09	Fri 12/30/09
Analysis	*56 days*	Wed 8/21/09	Tue 11/10/09
Technical analysis	*16 days*	Wed 8/21/09	Wed 11/10/09
Define current systems	*3 days*	Wed 8/21/09	Thu 8/27/09
Define current infrastructure	*3 days*	Fri 8/28/09	Thu 9/3/09
Define interfaces	*5 days*	Fri 9/4/09	Fri 9/11/09
Define current security	*5 days*	Mon 9/14/09	Fri 9/18/09
Functional analysis	*30 days*	Wed 7/18/09	Fri 10/2/09
Define current business processes	*30 days*	Fri 8/21/09	Fri 10/2/09
Analysis sign-off	*0 days*	Fri 10/2/09	Fri 10/2/09
Design	*58 days*	Mon 10/5/09	Wed 12/30/09
Technical design	*58 days*	Mon 10/5/09	Wed 12/30/09
Design applications	*60 days*	Mon 10/5/09	Wed 12/30/09
Design infrastructure changes (if any)	*5 days*	Mon 10/5/09	Mon 10/12/09
Design interfaces	*15 days*	Mon 10/5/09	Mon 10/26/09
Design security	*15 days*	Mon 10/5/09	Mon 10/26/09
Functional design	30 days	Mon 10/5/09	Tue 11/17/09
Design new business processes	30 days	Mon 10/5/09	Tue 11/17/09
Design sign-off	0 days	Wed 12/30/09	Wed 12/30/09
DIA Phase 4: Develop and Test Solution	*338 days*	Mon 10/5/09	Mon 6/13/11
Establish technical test environment	30 days	Mon 10/5/09	Tue 11/17/07
Track 1-.Net Applications	200 days	Wed 1/4/10	Wed 10/20/10
Develop/test .Net applications	200 days	Wed 1/4/10	Wed 10/20/10
Track 1 sign-off	0 days	Wed 10/20/10	Wed 10/20/10
Track 2-Security	130 days	Wed 4/30/10	Wed 11/3/10
Develop/test security	130 days	Wed 4/30/10	Wed 11/3/10
Track 2 sign-off	0 days	Wed 11/3/10	Wed 11/3/10
HIPAA Compliancy	5 days	Mon 10/5/10	Mon 10/12/10

Task Name	Duration	Start	Finish
State & Federal Requirements	5 days	Mon 10/5/10	Mon 10/12/10
HIPAA sign-off	0 days	Mon 10/12/10	Mon 10/12/10
Track 3-Electronic Interface	86 days	Mon 6/28/10	Thu 10/28/10
Develop/test direct e-interface intake	86 days	Mon 6/28/10	Thu 10/28/10
Track 3 sign-off	0 days	Thu 10/28/10	Thu 10/28/10
Track 4-Intelligent Forms	42 days	Tue 8/31/10	Wed 11/17/10
Develop/test intelligent forms intake	42 days	Tue 8/31/10	Fri 10/29/10
Track 4 sign-off	0 days	Wed 11/17/10	Wed 11/17/10
Track 5-Integration	105 days	Fri 5/28/10	Wed 10/20/10
Develop/test interfaces	100 days	Fri 5/28/10	Wed 10/20/10
Develop/test integration	80 days	Tue 7/6/10	Wed 10/27/10
Track 5 sign-off	0 days	Wed 10/27/10	Wed 10/27/10
Track 6-Complete System Test	10 days	Thu 11/18/10	Fri 12/3/10
Test all solution components	10 days	Thu 11/18/10	Fri 12/3/10
System test sign-off	0 days	Fri 12/3/10	Fri 12/3/10
Track 7-Scanning/OCR	30 days	Mon 12/6/10	Fri 1/14/11
Develop/test scanning/OCR	30 days	Mon 12/6/10	Fri 1/14/11
Track 7 sign-off	0 days	Fri 1/14/11	Fri 1/14/11
Track 8-Business Process Reengineering	70 days	Thu 10/21/10	Tue 2/1/11
Develop new/reengineer process	70 days	Thu 10/21/10	Tue 2/1/11
Track 8 sign-off	0 days	Tue 2/1/11	Tue 2/1/11
DIA Phase 5: Deploy Solution	*142 days*	Wed 2/2/11	Fri 5/27/11
Implement Business Processes	30 days	Wed 2/2/11	Thu 3/17/11
Final BPR activities	30 days	Wed 2/2/11	Thu 3/17/11
Change Management	80 days	Wed 2/2/11	Fri 5/27/11
Marketing, communications	80 days	Wed 2/2/11	Fri 5/27/11
Training	65 days	Fri 2/25/11	Fri 5/27/11
Technical	20 days	Fri 2/25/11	Thu 3/24/11
Mainframe	15 days	Fri 3/4/11	Thu 3/24/11
User	45 days	Fri 3/25/11	Fri 5/27/11
Stakeholder	15 days	Mon 5/9/11	Fri 5/27/11
Implementation	85 days	Fri 3/25/11	Fri 5/20/11
Headquarters	10 days	Fri 3/25/11	Fri 4/8/11
Statewide	30 days	Mon 4/11/11	Fri 5/20/11
Implementation sign-off	0 days	Fri 5/20/11	Fri 5/20/11
On-site Support	22 days	Mon 5/23/11	Mon 6/13/11

Task Name	Duration	Start	Finish
Support/tuning	22 days	Mon 5/23/11	Mon 6/13/11
Support sign-off	0 days	Mon 6/13/11	Mon 6/13/11

The following Gantt chart shows the timeline for the project.

Figure 4-7. High-level DIA Timeline

ID	Task Name	Start	Finish
1	DIA Phase 1: Procurement and Contracting	Mon 7/3/06	Thu 6/30/11
3	DIA Phase 2: Project Start-up and Management	Mon 7/3/06	Thu 6/30/11
5	DIA Phase 3: Design Solution	Mon 9/28/09	Fri 12/18/09
7	DIA Phase 4: Develop and Test Solution	Tue 11/10/09	Fri 2/4/11
9	DIA Phase 5: Deploy Solution	Wed 2/2/11	Fri 5/27/11
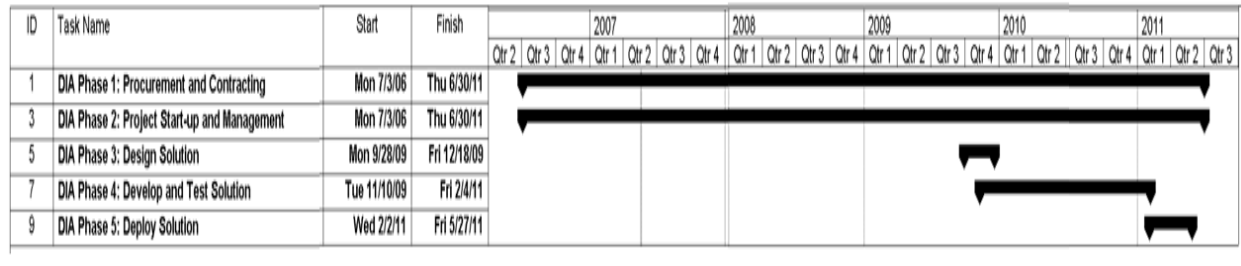
4.6 Project Monitoring

The EDD IT PMM project reporting and monitoring process will be used for this project. Status reports will act as a vehicle to oversee that the project's scope; budget, and time are within acceptable guidelines as set forth in the FSR. In addition, EDD will work with IV&V vendors to incorporate their knowledge, expertise, and skills in comparable projects to provide additional recommendations regarding best practices.

4.7 Project Quality

Quality assurance will be monitored using EDD's IT PMM quality control procedures. Procedures include separation of duties, acceptance testing, version control tools, requirements traceability matrix, and customer walk-through. The project management staff will assist in the development of quality standards and their implementation for this project; the IV&V vendor will validate the project's adherence to the plan and evaluate products to ensure they meet quality standards. The DIB, ITB, and the vendors will collaborate to ensure quality of design, development, and testing of the new system.

4.8 Change Management

The project team will utilize the enterprise change management processes as defined within the IT PMM framework. In addition, the Sponsor must approve significant changes to project baselines (cost, schedule, scope, and quality). During development, the project team will use EDD's enterprise configuration management processes.

4.9 Authorization Required

No special federal authorization approval or legislative review is required.

5.0 Updated Risk Management Plan

The project's Risk Management Plan documents the processes and procedures used to identify risks associated with the project and how they will be managed. The project follows the risk management processes identified by EDD's ITB Project Management Office and the State Information Management Manual (SIMM). The project's risk manager actively tracks and reports all project risk.

5.1.1 Assessment

The Risk Management Worksheet identifies the potential sources of risk associated with this project. The risks identified on the worksheet will be re-evaluated on a bi-weekly basis throughout the project. In addition, the project manager will include all identified risks in the detailed project plan using EDD's standard project management planning tools. This plan will encompass the entire structure of the project and its deliverables, providing a comprehensive framework for assessing each aspect of the project for potential risk.

5.1.2 Risk Identification

Staff identified potential internal and external risks. The following tools were used to aid in the identification of risks:

- SIMM categories and examples of risk
- Work breakdown structure
- Historical information
- Project team brainstorming
- Interviews with stakeholders

The characteristics of each identified risk are captured on the Risk Management Worksheet.

5.1.3 Risk Analysis and Quantification

The risk session facilitated the evaluation of particular identified risks to assess the range of possible project outcomes. Each identified risk was fully discussed and understood during the decision-making process. The risk analysis and quantification process led to the production of the Risk Management Worksheet and documented the sources of risk and risk events that the project team decided to accept.

5.1.4 Risk Prioritization

During the risk session, the identified risks were ranked and the potential impact or consequence to mission and business objectives were considered.

5.1.5 Risk Response

The risk session identified the factors of schedule, resources, and stakeholder risk tolerances. The project manager is responsible for responding to risk areas that include avoidance, acceptance, mitigation, sharing, and project oversight.

5.1.6 Risk Avoidance

The risk session produced preventive and contingency measures to eliminate the risk or lessen the risk impact to the project.

5.1.7 Risk Acceptance

Each member of the risk session agreed to accept each risk event and the consequences.

5.1.8 Risk Mitigation

Risk mitigation measures were identified during the session.

5.1.9 Risk Sharing

The project manager will be responsible to delegate and manage those activities that have a risk factor associated.

5.2 Risk Tracking and Control

5.2.1 Risk Tracking

The project's risk manager is responsible for establishing and maintaining risk status information, defining action plans, and taking corrective action when appropriate. Risks will be formally reviewed on a monthly basis, or more frequently if required. Risk escalation requirements as defined in the SIMM are followed. The Risk Management Plan is used in order to respond to risk events throughout the life of the project.

5.2.2 Risk Control

The project's risk manager oversees the execution of the Risk Management Plan in order to respond to risk events before they become serious problems. The project's risk manager ensures that risk procedures are documented and executed according to the plan. As anticipated risk events occur or fail to occur, and as actual risk events are evaluated and resolved, the project's risk manager updates the Risk Management Plan on a routine basis.

5.2.3 Outstanding Project Risks (IPOR)

Identifier: **258** **Risk Title:** <u>Procurement Delays for Independent Verification and Validation (IV&V)</u>

Risk Statement: Delays in procuring Independent Verification and Validation (IV&V) will almost certainly delay implementation of the project.

Probability: High **Impact:** High **Timeframe:** Short

Related Findings: The decision to utilize the IPOC Findings and Recommendations Matrix as one of the oversight tools for the DIA Project is under review.

Context: EDD DIB requested DGS approval to independently manage the procurement for IV&V assistance. The estimated Department of General Services (DGS) exemption approval date, based on the intervals provided by DGS, was September 20th, 2006. The actual approval date was January 18th, 2007, 4 months later than planned. IV&V input and oversight is essential to the development of the RFP that will be used to select the Systems Integration (SI) vendor, particularly during Business Process Re-engineering (BPR) and requirements development. If IV&V is not afforded ample time to review the requirements and to participate in the process, the estimated RFP completion date and the integrity of the RFP could be at risk. If the quality of the RFP and the RFP release date are compromised, the quality of the solution and the project schedule could also be jeopardized.

Status: The IV&V RFO for the SI vendor procurement phase is in progress. The anticipated IV&V contract award date is July 13th, 2007. The PA vendor started April 17th, 2007. Because the same PA vendor developed the UIMOD RFP and because numerous UIMOD requirements overlap with DIA requirements, the anticipated July IV&V start date should not impede the RFP development schedule. Bob Bradshaw, Linda Fredericksen, and Tamara Schmidt (PORT), are working diligently to bring the IV&V consultant on board as quickly as possible. This risk will remain in the IPOR until the IV&V vendor is actually on board and the impact of the delay, if any, can be assessed.

Recommendations:

1. The Joint Project Managers, Linda Fredericksen and Bob Bradshaw, should encourage actions and approvals by the Project Oversight Review Team (PORT), responsible for the IV&V procurement, and the applicable control entities, that will result in the earliest possible start date for the IV&V contractor and avoid any unnecessary delays in the contract award and finalization processes.

2. The PA vendor should revise their project management plan to efficiently accommodate a late IV&V start date.

Identifier: **Risk Title:** Procurement Delays for Systems Integrator
  260
Risk Statement: Delays in procuring the Systems Integrator will almost certainly delay the project.

Probability: High   **Impact:**   High   **Timeframe:**   Long

Related Findings: The decision to utilize the IPOC Findings and Recommendations Matrix as one of the oversight tools for the DIA Project is under review.

Context: The SI vendor procurement interval was changed from 9 to 16 months, based on the SI vendor procurement schedules provided in the PA vendor proposals. With the arrival of the selected PA vendor on April 17th, 2007, the further reassessment of the procurement schedule is anticipated. If the IV&V procurement is delayed and the IV&V vendor start date is moved out beyond July, the SI vendor procurement schedule may be delayed even further. Risks #258 and #260 are related and may evolve into a single more defined risk.

Status: The SI vendor procurement schedule was changed from 9 to 16 months, adding 7 months to the project schedule. The planned SPR, which will require the assistance of the PA vendor and will include the "winning" SI vendor proposal, will be delayed by at least those 7 months. The IV&V RFO for the SI Procurement Phase is in progress; the IV&V contract award target date is July 13th, 2007. If the arrival of IV&V is delayed beyond the July 13th, 2007 target date, the RFP development schedule may be negatively impacted further. As already stated, the similarities between the UIMOD and DIA project requirements, allow the PA vendor to move forward without IV&V presence for at least the first two months.
The selection of the SI vendor is already delayed and may be delayed further. Because the impact to the project schedule exceeds 10%, the preparation of an unplanned SPR is underway.

Recommendations:

In this instance, IPOC concurs with the decision to submit the unplanned SPR. The extended SI vendor procurement interval will delay the submission of the planned SPR and that delay will prohibit funding approval for the SI vendor until the subsequent fiscal year. IPOC recommends acceptance of this particular risk.

6.0 Updated Economic Analysis Worksheets (EAWS)

The worksheets included in this section display and compare the EAWs submitted to DOF in August 2006, and the newly revised EAWs. As previously mentioned the differences are primarily due to the extension of the project by one year, and pay increases for staffing since last year.

6.1 Original EAWS – August 2006

EXISTING SYSTEM/BASELINE COST WORKSHEET

Department: Employment Development Department   All costs to be shown in whole (unrounded) dollars.   Date Prepared: 08-04-06

Project: Disability Insurance Automation Phase III

	FY 2006/07		FY 2007/08		FY 2008/09		FY 2009/10		FY 2010/11		FY 2011/12		TOTAL	
	PYs	Amts	PYs	Amts	PYs	Amts	PYs	Amts	PYs	Amts	PYs	Amts	PYs	Amts
Continuing Information Technology Costs														
Staff (salaries & benefits)	52.4	4,877,659	52.4	4,877,659	52.4	4,877,659	52.4	4,877,659	52.4	4,877,659	52.4	4,877,659	314.5	29,265,955
Hardware Lease/Maintenance		33,048		33,048		33,048		33,048		33,048		33,048		198,288
Software Maintenance/Licenses		102,227		102,227		102,227		102,227		102,227		102,227		613,362
Contract Services		5,000		5,000		5,000		5,000		5,000		5,000		30,000
Data Center Services		2,323,465		2,323,465		2,323,465		2,323,465		2,323,465		2,323,465		13,940,791
Agency Facilities		0		0		0		0		0		0		0
Other		2,419,692		2,419,692		2,419,692		2,419,692		2,419,692		2,419,692		14,518,152
Total IT Costs	**52.4**	**9,761,091**	**52.4**	**9,761,091**	**52.4**	**9,761,091**	**52.4**	**9,761,091**	**52.4**	**9,761,091**	**52.4**	**9,761,091**	**314.5**	**58,566,548**
Continuing Program Costs:														
Staff	853.3	44,564,805	864.9	45,171,030	876.7	45,786,348	888.6	46,410,896	900.8	47,044,893	913.1	47,688,342	**5297.3**	**276,666,316**
Other		0		0		0		0		0		0		**0**
Total Program Costs	**853.3**	**44,564,805**	**864.9**	**45,171,030**	**876.7**	**45,786,348**	**888.6**	**46,410,896**	**900.8**	**47,044,893**	**913.1**	**47,688,342**	**5297.3**	**276,666,316**
TOTAL EXISTING SYSTEM COSTS	**905.7**	**54,325,896**	**917.3**	**54,932,121**	**929.1**	**55,547,440**	**941.0**	**56,171,988**	**953.2**	**56,805,985**	**965.5**	**57,449,434**	**5611.8**	**335,232,864**

Department: Employment Development Department

Project: Disability Insurance Automation Phase III

All Costs Should be shown in whole (unrounded) dollars.

	FY 2006/07		FY 2007/08		FY 2008/09		FY 2009/10		FY 2010/11		FY 2011/12		TOTAL	
	PYs	Amts	PYs	Amts	PYs	Amts	PYs	Amts	PYs	Amts	PYs	Amts	PYs	Amts
One-Time IT Project Costs														
Staff (Salaries & Benefits)	6.3	593,198	6.3	593,614	24.8	2,272,035	28.6	2,593,362	0.0	0	0.0	0	66.0	6,052,209
Hardware Purchase		12,390		0		694,235		299,260		0		0		1,005,885
Software Purchase/License		0		0		1,667,680		292,136		0		0		1,959,816
Telecommunications		0		0		60,000		19,000		0		0		79,000
Contract Services														
Software Customization		0		0		4,282,500		6,725,000		0		0		11,007,500
Project Management		0		0		218,750		218,750		0		0		437,500
Project Oversight		80,000		120,000		120,000		120,000		0		0		440,000
IV&V Services		125,000		375,000		1,000,000		1,000,000		0		0		2,500,000
Other Contract Services		120,000		330,000		0		0		0		0		450,000
TOTAL Contract Services		325,000		825,000		5,621,250		8,063,750		0		0		14,835,000
Data Center Services		0		0		0		198,108		0		0		198,108
Agency Facilities		0		0		0		0		0		0		0
Other		153,191		147,221		592,621		1,163,581		0		0		2,056,614
Total One-time IT Costs	**6.3**	**1,083,779**	**6.3**	**1,565,835**	**24.8**	**10,907,821**	**28.6**	**12,629,197**	**0.0**	**0**	**0.0**	**0**	**66.0**	**26,186,632**
Continuing IT Project Costs														
Staff (Salaries & Benefits)	0.0	0	0.0	0	0.0	0	0.0	0	12.4	1,164,421	12.4	1,164,421	24.8	2,328,842
Hardware Lease/Maintenance		0		0		0		0		147,000		147,000		294,000
Software Maintenance/Licenses		0		0		0		0		284,112		284,112		568,224
Telecommunications		0		0		0		0		12,000		12,000		24,000
Contract Services		0		0		0		0		1,453,516		1,197,476		2,650,992
Data Center Services		0		0		0		0		195,408		195,408		390,816
Agency Facilities		0		0		0		0		0		0		0
Other		0		0		0		0		294,655		294,655		589,310
Total Continuing IT Costs	**0.0**	**0**	**0.0**	**0**	**0.0**	**0**	**0.0**	**0**	**12.4**	**3,551,112**	**12.4**	**3,295,072**	**24.8**	**6,846,184**
Total Project Costs	**6.3**	**1,083,779**	**6.3**	**1,565,835**	**24.8**	**10,907,821**	**28.6**	**12,629,197**	**12.4**	**3,551,112**	**12.4**	**3,295,072**	**90.8**	**33,032,816**
Continuing Existing Costs														
Information Technology Staff	52.4	4,877,659	52.4	4,877,659	52.4	4,877,659	52.4	4,877,659	52.4	4,877,659	52.4	4,877,659	314.5	29,265,954
Other IT Costs		4,883,432		4,883,432		4,883,432		4,883,432		4,883,432		4,883,432		29,300,593
Total Continuing Existing IT Costs	**52.4**	**9,761,091**	**52.4**	**9,761,091**	**52.4**	**9,761,091**	**52.4**	**9,761,091**	**52.4**	**9,761,091**	**52.4**	**9,761,091**	**314.5**	**58,566,547**
Program Staff	853.3	44,564,805	864.9	45,171,030	876.7	45,786,348	808.5	42,226,338	728.8	38,064,289	668.4	34,908,673	4800.5	250,721,483
Other Program Costs		0		0		0		0		0		0		0
Total Continuing Existing Program Costs	**853.3**	**44,564,805**	**864.9**	**45,171,030**	**876.7**	**45,786,348**	**808.5**	**42,226,338**	**728.8**	**38,064,289**	**668.4**	**34,908,673**	**4800.5**	**250,721,483**
Total Continuing Existing Costs	**905.7**	**54,325,896**	**917.3**	**54,932,121**	**929.1**	**55,547,440**	**860.9**	**51,987,429**	**781.2**	**47,825,380**	**720.8**	**44,669,764**	**5115.0**	**309,288,031**
TOTAL ALTERNATIVE COSTS	**912.0**	**55,409,675**	**923.6**	**56,497,956**	**953.9**	**66,455,261**	**889.5**	**64,616,626**	**793.6**	**51,376,492**	**733.2**	**47,964,836**	**5205.8**	**342,320,847**
INCREASED REVENUES		0		0		0		0		0		0		0

ALTERNATIVE #1:   **Mainframe-based Automation Initiative**

Date Prepared: 08-04-06

Department: Employment Development Department   All Costs Should be shown in whole (unrounded) dollars.

Project: Disability Insurance Automation Phase III

	FY 2006/07		FY 2007/08		FY 2008/09		FY 2009/10		FY 2010/11		FY 2011/12		TOTAL	
	PYs	Amts	PYs	Amts	PYs	Amts	PYs	Amts	PYs	Amts	PYs	Amts	PYs	Amts
One-Time IT Project Costs														
Staff (Salaries & Benefits)	46.6	4,166,006	96.4	8,647,225	113.5	10,163,742	0.0	0	0.0	0	0.0	0	256.5	22,976,973
Hardware Purchase		637,380		425,745		0		0		0		0		1,063,125
Software Purchase/License		3,819,500		1,249,680		0		0		0		0		5,069,180
Telecommunications		0		60,000		7,000		0		0		0		67,000
Contract Services														
Software Customization		5,134,030		10,505,560		11,048,060		0		0		0		26,687,650
Project Management		218,750		218,750		218,750		0		0		0		656,250
Project Oversight		96,000		120,000		120,000		0		0		0		336,000
IV&V Services		1,400,000		2,800,000		2,800,000		0		0		0		7,000,000
Other Contract Services		0		1,026,800		1,865,200		0		0		0		2,892,000
TOTAL Contract Services		6,848,780		14,671,110		16,052,010		0		0		0		37,571,900
Data Center Services		0		350,000		2,700		0		0		0		352,700
Agency Facilities		0		0		0		0		0		0		0
Other		1,299,692		2,363,059		3,247,721		0		0		0		6,910,472
Total One-time IT Costs	46.6	16,771,358	96.4	27,766,818	113.5	29,473,173	0.0	0	0.0	0	0.0	0	256.5	74,011,350
Continuing IT Project Costs														
Staff (Salaries & Benefits)	0.0	0	0.0	0	11.4	453,403	22.8	1,434,702	22.8	1,434,702	22.8	1,434,702	79.8	4,757,511
Hardware Lease/Maintenance		0		0		96,000		141,000		141,000		141,000		519,000
Software Maintenance/Licenses		0		0		250,336		909,242		909,242		909,242		2,978,063
Telecommunications		0		12,000		12,000		12,000		12,000		12,000		60,000
Contract Services		0		0		0		1,253,516		1,197,476		1,139,476		3,590,468
Data Center Services		0		0		545,408		545,408		545,408		545,408		2,181,632
Agency Facilities		0		0		0		0		0		0		0
Other		0	0.0	0	0.0	238,636	0.0	626,530	0.0	493,062	0.0	493,062		1,851,291
Total Continuing IT Costs	0.0	0	0.0	12,000	11.4	1,595,783	22.8	4,922,399	22.8	4,732,891	22.8	4,674,891	79.8	15,937,965
Total Project Costs	46.6	16,771,358	96.4	27,778,818	124.9	31,068,956	22.8	4,922,399	22.8	4,732,891	22.8	4,674,891	336.3	89,949,314
Continuing Existing Costs														
Information Technology Staff	52.4	4,877,659	52.4	4,877,659	52.4	4,877,659	52.4	4,877,659	52.4	4,877,659	52.4	4,877,659	314.5	29,265,955
Other IT Costs		4,883,432		4,883,432		4,883,432		4,883,432		4,883,432		4,883,432		29,300,592
Total Continuing Existing IT Costs	52.4	9,761,091	52.4	9,761,091	52.4	9,761,091	52.4	9,761,091	52.4	9,761,091	52.4	9,761,091	314.5	58,566,547
Program Staff	853.3	44,564,805	864.9	45,171,030	876.7	45,786,348	808.5	42,226,338	728.8	38,064,289	668.4	34,908,673	4800.5	250,721,483
Other Program Costs		0		0		0		0		0		0		0
Total Continuing Existing Program Costs	853.3	44,564,805	864.9	45,171,030	876.7	45,786,348	808.5	42,226,338	728.8	38,064,289	668.4	34,908,673	4800.5	250,721,483
Total Continuing Existing Costs	905.7	54,325,896	917.3	54,932,121	929.1	55,547,440	860.9	51,987,429	781.2	47,825,380	720.8	44,669,764	5115.1	309,288,030
TOTAL ALTERNATIVE COSTS	952.2	71,097,254	1013.7	82,710,940	1054.0	86,616,396	883.7	56,909,828	804.0	52,558,271	743.6	49,344,655	5451.4	399,237,344
INCREASED REVENUES		0		0		0		0		0		0		0

Date Prepared: 08-04-06

Department: Employment Development Department All costs to be shown in whole (unrounded) dollars.

Project: Disability Insurance Automation Phase III

	FY 2006/07		FY 2007/08		FY 2008/09		FY 2009/10		FY 2010/11		FY 2011/12		TOTAL	
	PYs	Amts	PYs	Amts	PYs	Amts	PYs	Amts	PYs	Amts	PYs	Amts	PYs	Amts
EXISTING SYSTEM														
Total IT Costs	52.4	9,761,091	52.4	9,761,091	52.4	9,761,091	52.4	9,761,091	52.4	9,761,091	52.4	9,761,091	314.5	58,566,548
Total Program Costs	853.3	44,564,805	864.9	45,171,030	876.7	45,786,348	888.6	46,410,896	900.8	47,044,893	913.1	47,688,342	5297.3	276,666,316
Total Existing System Costs	905.7	54,325,896	917.3	54,932,121	929.1	55,547,440	941.0	56,171,988	953.2	56,805,985	965.5	57,449,434	5611.8	335,232,864
PROPOSED ALTERNATIVE				Web-Based Initiative										
Total Project Costs	6.3	1,083,779	6.3	1,565,835	24.8	10,907,821	28.6	12,629,197	12.4	3,551,112	12.4	3,295,072	90.8	33,032,816
Total Cont. Exist. Costs	905.7	54,325,896	917.3	54,932,121	929.1	55,547,440	860.9	51,987,429	781.2	47,825,380	720.8	44,669,764	5115.0	309,288,031
Total Alternative Costs	912.0	55,409,675	923.6	56,497,956	953.9	66,455,261	889.5	64,616,626	793.6	51,376,492	733.2	47,964,836	5205.8	342,320,847
COST SAVINGS/AVOIDANCES	(6.3)	(1,083,779)	(6.3)	(1,565,835)	(24.8)	(10,907,821)	51.5	(8,444,638)	159.6	5,429,493	232.3	9,484,597	406.0	(7,087,983)
Increased Revenues		0		0		0		0		0		0		0
Net (Cost) or Benefit	(6.3)	(1,083,779)	(6.3)	(1,565,835)	(24.8)	(10,907,821)	51.5	(8,444,638)	159.6	5,429,493	232.3	9,484,597	406.0	(7,087,983)
Cum. Net (Cost) or Benefit	(6.3)	(1,083,779)	(12.6)	(2,649,614)	(37.4)	(13,557,435)	14.1	(22,002,073)	173.7	(16,572,581)	406.0	(7,087,983)		
ALTERNATIVE #1				Mainframe-based Automation Initiative										
Total Project Costs	46.6	16,771,358	96.4	27,778,818	124.9	31,068,956	22.8	4,922,399	22.8	4,732,891	22.8	4,674,891	336.3	89,949,314
Total Cont. Exist. Costs	905.7	54,325,896	917.3	54,932,121	929.1	55,547,440	860.9	51,987,429	781.2	47,825,380	720.8	44,669,764	5115.1	309,288,030
Total Alternative Costs	952.2	71,097,254	1013.7	82,710,940	1054.0	86,616,396	883.7	56,909,828	804.0	52,558,271	743.6	49,344,655	5451.4	399,237,344
COST SAVINGS/AVOIDANCES	(46.6)	(16,771,358)	(96.4)	(27,778,818)	(124.9)	(31,068,956)	57.3	(737,840)	149.2	4,247,714	221.9	8,104,778	160.5	(64,004,481)
Increased Revenues		0		0		0		0		0		0		0
Net (Cost) or Benefit	(46.6)	(16,771,358)	(96.4)	(27,778,818)	(124.9)	(31,068,956)	57.3	(737,840)	149.2	4,247,714	221.9	8,104,778	160.5	(64,004,481)
Cum. Net (Cost) or Benefit	(46.6)	(16,771,358)	(143.0)	(44,550,176)	(267.9)	(75,619,132)	(210.6)	(76,356,973)	(61.4)	(72,109,259)	160.5	(64,004,481)		

PROJECT FUNDING PLAN

Department: Employment Development Department   All Costs to be in whole (unrounded) dollars   Date Prepared: 08-04-06

Project: Disability Insurance Automation Phase III

	FY 2006/07 PYs	Amts	FY 2007/08 PYs	Amts	FY 2008/09 PYs	Amts	FY 2009/10 PYs	Amts	FY 2010/11 PYs	Amts	FY 2011/12 PYs	Amts	TOTALS PYs	Amts
TOTAL PROJECT COSTS	6.3	1,083,779	6.3	1,565,835	24.8	10,907,821	28.6	12,629,197	12.4	3,551,112	12.4	3,295,072	90.8	33,032,816
RESOURCES TO BE REDIRECTED														
Staff	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0
Funds:														
Existing System		0		0		0		0		0		0		0
Other Fund Sources		0		0		0		0		0		0		0
TOTAL REDIRECTED RESOURCES	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0
ADDITIONAL PROJECT FUNDING NEEDED														
One-Time Project Costs	6.3	1,083,779	6.3	1,565,835	24.8	10,907,821	28.6	12,629,197	0.0	0	0.0	0	66.0	26,186,632
Continuing Project Costs	0.0	0	0.0	0	0.0	0	0.0	0	12.4	3,551,112	12.4	3,295,072	24.8	6,846,184
TOTAL ADDITIONAL PROJECT FUNDS NEEDED BY FISCAL YEAR	6.3	1,083,779	6.3	1,565,835	24.8	10,907,821	28.6	12,629,197	12.4	3,551,112	12.4	3,295,072	90.8	33,032,816
TOTAL PROJECT FUNDING	6.3	1,083,779	6.3	1,565,835	24.8	10,907,821	28.6	12,629,197	12.4	3,551,112	12.4	3,295,072	90.8	33,032,816
Difference: Funding - Costs	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0

	PYs	Amts	PYs	Amts	PYs	Amts	PYs	Amts	PYs	Amts	PYs	Amts	PYs	Amts
Total Estimated Cost Savings	0.0	0	0.0	0	0.0	0	51.5	2,692,060	159.6	8,334,200	232.3	12,133,264	443.4	23,159,524

ADJUSTMENTS, SAVINGS AND REVENUES WORKSHEET
(DOF Use Only)

Department: Employment Development Departm

Date Prepared: 08-04-06

Project: Disability Insurance Automation Phase III

Annual Project Adjustments	FY 2006/07		FY 2007/08		FY 2008/09		FY 2009/10		FY 2010/11		FY 2011/12		Net Adjustments	
	PYs	Amts	PYs	Amts	PYs	Amts	PYs	Amts	PYs	Amts	PYs	Amts	PYs	Amts
One-time Costs														
Previous Year's Baseline	0.0	0	6.3	1,083,779	6.3	1,565,835	24.8	10,907,821	28.6	12,629,197	0.0	0		
(A) Annual Augmentation /(Reduction)	**6.3**	**1,083,779**	**0.0**	**482,056**	**18.5**	**9,341,986**	**3.8**	**1,721,376**	**(28.6)**	**(12,629,197)**	**0.0**	**0**		
(B) Total One-Time Budget Actions	6.3	1,083,779	6.3	1,565,835	24.8	10,907,821	28.6	12,629,197	0.0	0	0.0	0	**66.0**	**26,186,632**
Continuing Costs														
Previous Year's Baseline	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	12.4	3,551,112		
(C) Annual Augmentation /(Reduction)	**0.0**	**0**	**0.0**	**0**	**0.0**	**0**	**0.0**	**0**	**12.4**	**3,551,112**	**0.0**	**(256,040)**		
(D) Total Continuing Budget Actions	0.0	0	0.0	0	0.0	0	0.0	0	12.4	3,551,112	12.4	3,295,072	**24.8**	**6,846,184**
Total Annual Project Budget Augmentation /(Reduction) [A + C]	**6.3**	**1,083,779**	**0.0**	**482,056**	**18.5**	**9,341,986**	**3.8**	**1,721,376**	**(16.2)**	**(9,078,085)**	**0.0**	**(256,040)**		

[A, C] Excludes Redirected Resources

Total Additional Project Funds Needed [B + D]

90.8	33,032,816

Annual Savings/Revenue Adjustments

	FY 2006/07		FY 2007/08		FY 2008/09		FY 2009/10		FY 2010/11		FY 2011/12			
Cost Savings	0.0	0	0.0	0	0.0	0	51.5	2,692,060	108.0	5,642,140	72.7	3,799,065		
Increased Program Revenues		0		0		0		0		0		0		

6.2 NEW PROPOSED EAWS

EXISTING SYSTEM/BASELINE COST WORKSHEET

Department: Employment Development Department

All costs to be shown in whole (unrounded) dollars.

Date Prepared: 06-29-07

Project: Disability Insurance Automation

	FY 2006/07		FY 2007/08		FY 2008/09		FY 2009/10		FY 2010/11		FY 2011/12		TOTAL	
	PYs	Amts	PYs	Amts	PYs	Amts	PYs	Amts	PYs	Amts	PYs	Amts	PYs	Amts
Continuing Information Technology Costs														
Staff (salaries & benefits)	52.4	4,877,659	52.4	4,877,659	52.4	4,877,659	52.4	4,877,659	52.4	4,877,659	52.4	4,877,659	314.5	29,265,955
Hardware Lease/Maintenance		33,048		33,048		33,048		33,048		33,048		33,048		198,288
Software Maintenance/Licenses		102,227		102,227		102,227		102,227		102,227		102,227		613,362
Contract Services		5,000		5,000		5,000		5,000		5,000		5,000		30,000
Data Center Services		2,323,465		2,323,465		2,323,465		2,323,465		2,323,465		2,323,465		13,940,791
Agency Facilities		0		0		0		0		0		0		0
Other		2,419,692		2,419,692		2,419,692		2,419,692		2,419,692		2,419,692		14,518,152
Total IT Costs	52.4	9,761,091	52.4	9,761,091	52.4	9,761,091	52.4	9,761,091	52.4	9,761,091	52.4	9,761,091	314.5	58,566,548
Continuing Program Costs:														
Staff	853.3	44,564,805	864.9	45,171,030	876.7	45,786,348	888.6	46,410,896	900.8	47,044,893	913.1	47,688,342	5297.3	276,666,316
Other		0		0		0		0		0		0		0
Total Program Costs	853.3	44,564,805	864.9	45,171,030	876.7	45,786,348	888.6	46,410,896	900.8	47,044,893	913.1	47,688,342	5297.3	276,666,316
TOTAL EXISTING SYSTEM COSTS	905.7	54,325,896	917.3	54,932,121	929.1	55,547,440	941.0	56,171,988	953.2	56,805,985	965.5	57,449,434	5611.8	335,232,864

PROPOSED ALTERNATIVE: Web-Based Initiative

Department: Employment Development Department   All Costs Should be shown in whole (unrounded) dollars.

Project: Disability Insurance Automation

	FY 2006/07		FY 2007/08		FY 2008/09		FY 2009/10		FY 2010/11		FY 2011/12		TOTAL	
	PYs	Amts	PYs	Amts	PYs	Amts	PYs	Amts	PYs	Amts	PYs	Amts	PYs	Amts
One-Time IT Project Costs														
Staff (Salaries & Benefits)	9.3	756,825	11.3	1,080,828	11.3	1,085,025	27.7	2,689,976	31.5	3,041,307	0.0	0	91.1	8,653,961
Hardware Purchase		12,390		0		0		694,235		299,260		0		1,005,885
Software Purchase/License		24,636		22,056		22,056		1,692,009		314,192		0		2,074,949
Telecommunications		0		0		0		60,000		19,000		0		79,000
Contract Services														
Software Customization		0		0		0		4,282,500		6,725,000		0		11,007,500
Project Management		0		0		0		0		0		0		0
Project Oversight		66,000		118,000		105,000		105,000		105,000		0		499,000
IV&V Services		0		200,000		100,000		1,100,000		1,100,000		0		2,500,000
Other Contract Services		97,020		299,481		24,927		0		0		0		421,428
TOTAL Contract Services		163,020		617,481		229,927		5,487,500		7,930,000		0		14,427,928
Data Center Services		0		0		0				198,108		0		198,108
Agency Facilities		0		0		0		0		0		0		0
Other		212,312		150,643		165,632		725,890		1,299,518		0		2,553,995
Total One-time IT Costs	**9.3**	**1,169,183**	**11.3**	**1,871,008**	**11.3**	**1,502,640**	**27.7**	**11,349,610**	**31.5**	**13,101,385**	**0.0**	**0**	**91.1**	**28,993,826**
Continuing IT Project Costs														
Staff (Salaries & Benefits)	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	12.4	1,282,601	12.4	1,282,601
Hardware Lease/Maintenance		0		0		0		0		0		147,000		147,000
Software Maintenance/Licenses		0		0		0		0		0		284,112		284,112
Telecommunications		0		0		0		0		0		12,000		12,000
Contract Services		0		0		0		0		0		1,453,516		1,453,516
Data Center Services		0		0		0		0		0		195,408		195,408
Agency Facilities		0		0		0		0		0		0		0
Other		0		0		0		0		0		331,283		331,283
Total Continuing IT Costs	**0.0**	**0**	**0.0**	**0**	**0.0**	**0**	**0.0**	**0**	**0.0**	**0**	**12.4**	**3,705,920**	**12.4**	**3,705,920**
Total Project Costs	**9.3**	**1,169,183**	**11.3**	**1,871,008**	**11.3**	**1,502,640**	**27.7**	**11,349,610**	**31.5**	**13,101,385**	**12.4**	**3,705,920**	**103.5**	**32,699,746**
Continuing Existing Costs														
Information Technology Staff	52.4	4,877,659	52.4	4,877,659	52.4	4,877,659	52.4	4,877,659	52.4	4,877,659	52.4	4,877,659	314.5	29,265,954
Other IT Costs		4,883,432		4,883,432		4,883,432		4,883,432		4,883,432		4,883,432		29,300,593
Total Continuing Existing IT Costs	**52.4**	**9,761,091**	**52.4**	**9,761,091**	**52.4**	**9,761,091**	**52.4**	**9,761,091**	**52.4**	**9,761,091**	**52.4**	**9,761,091**	**314.5**	**58,566,547**
Program Staff	853.3	44,564,805	864.9	45,171,030	876.7	45,786,348	888.6	46,410,896	820.6	42,860,335	741.1	38,707,738	5045.2	263,501,153
Other Program Costs		0		0		0		0		0		0		0
Total Continuing Existing Program Costs	**853.3**	**44,564,805**	**864.9**	**45,171,030**	**876.7**	**45,786,348**	**888.6**	**46,410,896**	**820.6**	**42,860,335**	**741.1**	**38,707,738**	**5045.2**	**263,501,153**
Total Continuing Existing Costs	**905.7**	**54,325,896**	**917.3**	**54,932,121**	**929.1**	**55,547,440**	**941.0**	**56,171,988**	**873.0**	**52,621,426**	**793.5**	**48,468,829**	**5359.7**	**322,067,700**
TOTAL ALTERNATIVE COSTS	**915.0**	**55,495,079**	**928.6**	**56,803,129**	**940.4**	**57,050,080**	**968.7**	**67,521,598**	**904.5**	**65,722,811**	**805.9**	**52,174,749**	**5463.2**	**354,767,446**
INCREASED REVENUES		0		0		0		0		0		0		0

Date Prepared: 06-29-07

Department: Employment Development Department

Project: Disability Insurance Automation

All Costs Should be shown in whole (unrounded) dollars.

	FY 2006/07		FY 2007/08		FY 2008/09		FY 2009/10		FY 2010/11		FY 2011/12		TOTAL	
	PYs	Amts	PYs	Amts	PYs	Amts	PYs	Amts	PYs	Amts	PYs	Amts	PYs	Amts
One-Time IT Project Costs														
Staff (Salaries & Benefits)	46.6	4,166,006	96.4	8,647,225	113.5	10,163,742	0.0	0	0.0	0	0.0	0	256.5	22,976,973
Hardware Purchase		637,380		425,745		0		0		0		0		1,063,125
Software Purchase/License		3,819,500		1,249,680		0		0		0		0		5,069,180
Telecommunications		0		60,000		7,000		0		0		0		67,000
Contract Services														
Software Customization		5,134,030		10,505,560		11,048,060		0		0		0		26,687,650
Project Management		218,750		218,750		218,750		0		0		0		656,250
Project Oversight		96,000		120,000		120,000		0		0		0		336,000
IV&V Services		1,400,000		2,800,000		2,800,000		0		0		0		7,000,000
Other Contract Services		0		1,026,800		1,865,200		0		0		0		2,892,000
TOTAL Contract Services		6,848,780		14,671,110		16,052,010		0		0		0		37,571,900
Data Center Services		0		350,000		2,700		0		0		0		352,700
Agency Facilities		0		0		0		0		0		0		0
Other		1,299,692		2,363,059		3,247,721		0		0		0		6,910,472
Total One-time IT Costs	**46.6**	**16,771,358**	**96.4**	**27,766,818**	**113.5**	**29,473,173**	**0.0**	**0**	**0.0**	**0**	**0.0**	**0**	**256.5**	**74,011,350**
Continuing IT Project Costs														
Staff (Salaries & Benefits)	0.0	0	0.0	0	11.4	453,403	22.8	1,434,702	22.8	1,434,702	22.8	1,434,702	79.8	4,757,511
Hardware Lease/Maintenance		0		0		96,000		141,000		141,000		141,000		519,000
Software Maintenance/Licenses		0		0		250,336		909,242		909,242		909,242		2,978,063
Telecommunications		0		12,000		12,000		12,000		12,000		12,000		60,000
Contract Services		0		0		0		1,253,516		1,197,476		1,139,476		3,590,468
Data Center Services		0		0		545,408		545,408		545,408		545,408		2,181,632
Agency Facilities		0		0		0		0		0		0		0
Other		0	0.0	0	0.0	238,636	0.0	626,530	0.0	493,062	0.0	493,062		1,851,291
Total Continuing IT Costs	**0.0**	**0**	**0.0**	**12,000**	**11.4**	**1,595,783**	**22.8**	**4,922,399**	**22.8**	**4,732,891**	**22.8**	**4,674,891**	**79.8**	**15,937,965**
Total Project Costs	**46.6**	**16,771,358**	**96.4**	**27,778,818**	**124.9**	**31,068,956**	**22.8**	**4,922,399**	**22.8**	**4,732,891**	**22.8**	**4,674,891**	**336.3**	**89,949,314**
Continuing Existing Costs														
Information Technology Staff	52.4	4,877,659	52.4	4,877,659	52.4	4,877,659	52.4	4,877,659	52.4	4,877,659	52.4	4,877,659	314.5	29,265,955
Other IT Costs		4,883,432		4,883,432		4,883,432		4,883,432		4,883,432		4,883,432		29,300,592
Total Continuing Existing IT Costs	**52.4**	**9,761,091**	**52.4**	**9,761,091**	**52.4**	**9,761,091**	**52.4**	**9,761,091**	**52.4**	**9,761,091**	**52.4**	**9,761,091**	**314.5**	**58,566,547**
Program Staff	853.3	44,564,805	864.9	45,171,030	876.7	45,786,348	808.5	42,226,338	728.8	38,064,289	668.4	34,908,673	4800.5	250,721,483
Other Program Costs		0		0		0		0		0		0		0
Total Continuing Existing Program Costs	**853.3**	**44,564,805**	**864.9**	**45,171,030**	**876.7**	**45,786,348**	**808.5**	**42,226,338**	**728.8**	**38,064,289**	**668.4**	**34,908,673**	**4800.5**	**250,721,483**
Total Continuing Existing Costs	**905.7**	**54,325,896**	**917.3**	**54,932,121**	**929.1**	**55,547,440**	**860.9**	**51,987,429**	**781.2**	**47,825,380**	**720.8**	**44,669,764**	**5115.1**	**309,288,030**
TOTAL ALTERNATIVE COSTS	**952.2**	**71,097,254**	**1013.7**	**82,710,940**	**1054.0**	**86,616,396**	**883.7**	**56,909,828**	**804.0**	**52,558,271**	**743.6**	**49,344,655**	**5451.4**	**399,237,344**
INCREASED REVENUES		0		0		0		0		0		0		**0**

Date Prepared: 06-29-07

Department: Employment Development Department

All costs to be shown in whole (unrounded) dollars.

Project: Disability Insurance Automation

	FY 2006/07		FY 2007/08		FY 2008/09		FY 2009/10		FY 2010/11		FY 2011/12		TOTAL	
	PYs	Amts	PYs	Amts	PYs	Amts	PYs	Amts	PYs	Amts	PYs	Amts	PYs	Amts
EXISTING SYSTEM														
Total IT Costs	52.4	9,761,091	52.4	9,761,091	52.4	9,761,091	52.4	9,761,091	52.4	9,761,091	52.4	9,761,091	314.5	58,566,548
Total Program Costs	853.3	44,564,805	864.9	45,171,030	876.7	45,786,348	888.6	46,410,896	900.8	47,044,893	913.1	47,688,342	5297.3	276,666,316
Total Existing System Costs	905.7	54,325,896	917.3	54,932,121	929.1	55,547,440	941.0	56,171,988	953.2	56,805,985	965.5	57,449,434	5611.8	335,232,864
PROPOSED ALTERNATIVE			**Web-Based Initiative**											
Total Project Costs	9.3	1,169,183	11.3	1,871,008	11.3	1,502,640	27.7	11,349,610	31.5	13,101,385	12.4	3,705,920	103.5	32,699,746
Total Cont. Exist. Costs	905.7	54,325,896	917.3	54,932,121	929.1	55,547,440	941.0	56,171,988	873.0	52,621,426	793.5	48,468,829	5359.7	322,067,700
Total Alternative Costs	915.0	55,495,079	928.6	56,803,129	940.4	57,050,080	968.7	67,521,598	904.5	65,722,811	805.9	52,174,749	5463.2	354,767,446
COST SAVINGS/AVOIDANCES	(9.3)	(1,169,183)	(11.3)	(1,871,008)	(11.3)	(1,502,640)	(27.7)	(11,349,610)	48.6	(8,916,826)	159.6	5,274,685	148.6	(19,534,583)
Increased Revenues		0		0		0		0		0		0		0
Net (Cost) or Benefit	(9.3)	(1,169,183)	(11.3)	(1,871,008)	(11.3)	(1,502,640)	(27.7)	(11,349,610)	48.6	(8,916,826)	159.6	5,274,685	148.6	(19,534,583)
Cum. Net (Cost) or Benefit	(9.3)	(1,169,183)	(20.6)	(3,040,191)	(31.9)	(4,542,831)	(59.6)	(15,892,441)	(10.9)	(24,809,267)	148.6	(19,534,583)		
ALTERNATIVE #1			**Mainframe-based Automation Initiative**											
Total Project Costs	46.6	16,771,358	96.4	27,778,818	124.9	31,068,956	22.8	4,922,399	22.8	4,732,891	22.8	4,674,891	336.3	89,949,314
Total Cont. Exist. Costs	905.7	54,325,896	917.3	54,932,121	929.1	55,547,440	860.9	51,987,429	781.2	47,825,380	720.8	44,669,764	5115.1	309,288,030
Total Alternative Costs	952.2	71,097,254	1013.7	82,710,940	1054.0	86,616,396	883.7	56,909,828	804.0	52,558,271	743.6	49,344,655	5451.4	399,237,344
COST SAVINGS/AVOIDANCES	(46.6)	(16,771,358)	(96.4)	(27,778,818)	(124.9)	(31,068,956)	57.3	(737,840)	149.2	4,247,714	221.9	8,104,778	160.5	(64,004,481)
Increased Revenues		0		0		0		0		0		0		0
Net (Cost) or Benefit	(46.6)	(16,771,358)	(96.4)	(27,778,818)	(124.9)	(31,068,956)	57.3	(737,840)	149.2	4,247,714	221.9	8,104,778	160.5	(64,004,481)
Cum. Net (Cost) or Benefit	(46.6)	(16,771,358)	(143.0)	(44,550,176)	(267.9)	(75,619,132)	(210.6)	(76,356,973)	(61.4)	(72,109,259)	160.5	(64,004,481)		

Department: Employment Development Department   All Costs to be in whole (unrounded) dollars   Date Prepared: 06-29-07

Project: Disability Insurance Automation

	FY 2006/07		FY 2007/08		FY 2008/09		FY 2009/10		FY 2010/11		FY 2011/12		TOTALS	
	PYs	Amts	PYs	Amts	PYs	Amts	PYs	Amts	PYs	Amts	PYs	Amts	PYs	Amts
TOTAL PROJECT COSTS	9.3	1,169,183	11.3	1,871,008	11.3	1,502,640	27.7	11,349,610	31.5	13,101,385	12.4	3,705,920	103.5	32,699,746
RESOURCES TO BE REDIRECTED														
Staff	0.0	0	5.0	427,435	5.0	429,095	1.0	50,768	1.0	50,768	0.0	0	12.0	958,066
Funds:														
Existing System		0		0		0		0		0		0		0
Other Fund Sources		0		0		0		0		0		0		0
TOTAL REDIRECTED RESOURCES	0.0	0	5.0	427,435	5.0	429,095	1.0	50,768	1.0	50,768	0.0	0	12.0	958,066
ADDITIONAL PROJECT FUNDING NEEDED														
One-Time Project Costs	9.3	1,169,183	6.3	1,443,573	6.3	1,073,545	26.7	11,298,842	30.5	13,050,617	0.0	0	79.1	28,035,760
Continuing Project Costs	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	12.4	3,705,920	12.4	3,705,920
TOTAL ADDITIONAL PROJECT FUNDS NEEDED BY FISCAL YEAR	9.3	1,169,183	6.3	1,443,573	6.3	1,073,545	26.7	11,298,842	30.5	13,050,617	12.4	3,705,920	91.5	31,741,680
TOTAL PROJECT FUNDING	9.3	1,169,183	11.3	1,871,008	11.3	1,502,640	27.7	11,349,610	31.5	13,101,385	12.4	3,705,920	103.5	32,699,746
Difference: Funding - Costs	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0
Total Estimated Cost Savings	0.0	0	0.0	0	0.0	0	0.0	0	48.6	2,540,599	159.6	8,334,200	208.2	10,874,798

The approved BCP amount for 06/07 was $1.8 million. The amount listed above is the projected expenditures.

The approved BCP amount for 07/08 is $1.6 million. The difference between the BCP amount and the projected expenditures is due to the PA Vendor and the projected IV&V vendor contracts being lower than EDD's original projection in SFY 07/08.

ADJUSTMENTS, SAVINGS AND REVENUES WORKSHEET
(DOF Use Only)

Department: Employment Development Depar
Project: Disability Insurance Automation

Date Prepared: 06-29-07

Annual Project Adjustments	FY 2006/07 PYs	Amts	FY 2007/08 PYs	Amts	FY 2008/09 PYs	Amts	FY 2009/10 PYs	Amts	FY 2010/11 PYs	Amts	FY 2011/12 PYs	Amts	Net Adjustments PYs	Amts
One-time Costs														
Previous Year's Baseline	0.0	0	9.3	1,169,183	6.3	1,443,573	6.3	1,073,545	26.7	11,298,842	30.5	13,050,617		
(A) Annual Augmentation /(Reduction)	9.3	1,169,183	(3.0)	274,390	0.0	(370,028)	20.4	10,225,297	3.8	1,751,775	(30.5)	(13,050,617)		
(B) Total One-Time Budget Actions	9.3	1,169,183	6.3	1,443,573	6.3	1,073,545	26.7	11,298,842	30.5	13,050,617	0.0	0	79.1	28,035,760
Continuing Costs														
Previous Year's Baseline	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0		
(C) Annual Augmentation /(Reduction)	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	12.4	3,705,920		
(D) Total Continuing Budget Actions	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	12.4	3,705,920	12.4	3,705,920
Total Annual Project Budget Augmentation /(Reduction) [A + C]	9.3	1,169,183	(3.0)	274,390	0.0	(370,028)	20.4	10,225,297	3.8	1,751,775	(18.1)	(9,344,697)		

[A, C] Excludes Redirected Resources

Total Additional Project Funds Needed [B + D]	91.5	31,741,680

Annual Savings/Revenue Adjustments

	FY 2006/07 PYs	Amts	FY 2007/08 PYs	Amts	FY 2008/09 PYs	Amts	FY 2009/10 PYs	Amts	FY 2010/11 PYs	Amts	FY 2011/12 PYs	Amts
Cost Savings	0.0	0	0.0	0	0.0	0	0.0	0	48.6	2,540,599	110.9	5,793,601
Increased Program Revenues		0		0		0		0		0		0

6.3 Attachments

6.3.1 DIA One-Time Detail Cost

6.3.2 DIA Continuing Detail Cost